

Farm Business Analysis Assistance

1. Objectives

Farm Business Analysis Assistance is administered by the Farm Debt Restructure Office (FDRO) within the Queensland Rural and Industry Development Authority (QRIDA).

The objective of this assistance is to provide a farm business analysis to *primary producers* who are in *financial distress* to help inform business decisions concerning the future of their *primary production enterprise*.

The farm business analysis will be delivered by *suitably qualified providers* and will include:

- a) a review and analysis of past, present and future operations under current business directions
- b) a set of options aimed at repairing, reducing or rationalising the impacts of current issues facing the *primary production enterprise*.

Examples of options that may be provided in a farm business analysis includes debt restructuring, industry diversification and, potentially, business rationalisation.

Farm Business Analysis Assistance is limited to the cost of the service provider selected to complete the report and does not extend to third parties engaged throughout the process.

2. Assistance criteria

To be considered for this assistance applicants should:

- (a) be a *primary producer* in *financial distress*
- (b) have owned and operated their *primary production enterprise* for at least three (3) years
- (c) have existing *farm term debt* in relation to their *primary production enterprise*
- (d) demonstrate a need for the assistance. This may mean:
 - i. the applicant could benefit substantially from options provided in a farm business analysis
 - ii. a farm business analysis could be critical to the continuation of the *primary production enterprise*
 - iii. the applicant does not have the financial or other resources to access a similar professional service
 - iv. the applicant does not have non-farm or liquid assets more than the amount needed for prudent risk management
- (e) not be involved in a mediation process under the *Farm Business Debt Mediation Act 2017*
- (f) not be under administration or subject to recovery actions or heads of agreement currently in force under a mediation process, for example, the *Farm Business Debt Mediation Act 2017*.

3. Applications

Applications are to be submitted on the Farm Business Analysis Assistance application form and be accompanied by the documentation stated in the form, including:

- (a) a statement of assets and liabilities for the applicant and any associated entities
- (b) past three (3) years' financial statements for the applicant and any associated entities, including profit and loss statements, balance sheets and depreciation schedules (cashbook figures may be provided if financial statements have not been prepared)
- (c) past three (3) years' personal taxation returns for the applicant and any associated entities
- (d) Australian Taxation Office Integrated Client Account Statements for the applicant and any associated entities
- (e) Schedule of Account Details - a schedule (included in the application form) is to be completed by each current lender (including banks, credit unions, lease/finance companies etc.) and attached to the application.

Applicants may be requested to provide additional information to support their application.

Upon receiving an application, the FDRO will acknowledge receipt by email and assess and decide eligibility for assistance. This will include reviewing information provided with an application and liaising with lenders and/or professional or business advisors.

Applicants not satisfied with the outcome of their application may request a review of the decision.

Successful applicants will be requested to select a *suitably qualified provider* to complete their farm business analysis. This selection should be advised to the FDRO within ten (10) business days of approval being advised.

Should a successful applicant not wish to select a provider the FDRO will make this allocation on a systematic basis.

The FDRO will check the availability of the *suitably qualified provider* selected and if the provider is not available, move to the clients second preference. Where the second is also unavailable the FDRO will make an allocation on a systematic basis.

If a potential conflict of interest or other issue exists for either the applicant or the provider, the applicant or the *suitably qualified provider* should notify the FDRO within ten (10) business days of advice confirming availability.

The *suitably qualified provider* will provide a copy of the completed farm business analysis to both the applicant and the FDRO.

Applicants will be required to notify they have received and understood the analysis within 28 days of receipt.

4. Terms and conditions

The availability of Farm Business Analysis Assistance is subject to funds being available.

Approvals will be provided conditional upon applicants agreeing to, executing and returning the approval letter and any other information requested to support the process at that time.

Applications under the scheme will be assessed in the order of receipt and approvals will be based on the availability of funds.

Applications will not enter the assessment queue until all required information is received by the FDRO.

In being approved assistance, applicants also agree to participate in a follow-up survey if requested concerning their farm business analysis.

The FDRO may review or vary these guidelines from time to time.

5. Definitions

Farm term debt means debt held by a *primary producer* that:

- (a) was borrowed for the purpose of operating a *primary production enterprise*; and
- (b) is secured by a mortgage over rural land or assets associated with the *primary producer's primary production enterprise*.

FDRO means the Farm Debt Restructure Office established under the *Rural and Regional Adjustment Act 1994*.

Financial distress means the deterioration or loss of capacity within a business that would see it unable to meet ongoing financial commitments within arrangements.

Primary producer means:

- (a) a sole trader who spends the majority of his or her labour on, and derives the majority of his or her income from a primary production enterprise; or
- (b) in relation to a partnership, proprietary company or trust that carries on a primary production enterprise, any partner in the partnership, shareholder in the company or beneficiary of the trust who spends most of their labour on, and derives the majority of their income from the primary production enterprise.

Primary production enterprise means a business that:

- (a) is carried on by a sole trader, trust, partnership or proprietary company; and
- (b) involves primary production, including the agricultural, apicultural, aquacultural, commercial wild-catch fishing, forestry, grazing and horticultural industries; and
- (c) holds an Australian Business Number (ABN).

Proprietary company means a proprietary company within the meaning of the *Corporations Act*.

Suitably qualified provider means a financial advisor, appointed by QRIDA from a pre-determined panel, who will:

- (a) provide an independent professional review of the applicant's financial position (based on information provided);
- (b) liaise with the applicant and the applicant's relevant third parties, including proposed site visit;
- (c) provide a report detailing an assessment, validation and suggested option or ideas for moving forward.

For further information, please contact the Office of Farm Debt Restructure on **Freecall 1800 623 946** visit www.qrida.qld.gov.au/fdro or email to contact_fdro@qrida.qld.gov.au